

STATE OF IDAHO

SCHOOL FOOD AUTHORITY (SFA) RESPONSIBILITIES

WHEN CONTRACTING WITH A FOOD SERVICE MANAGEMENT COMPANY (FSMC)

Revised 1-24-07

IMPORTANT:

If your school district is considering entering into a contract with a FSMC (Food Service Management Company) you must have ALL information, including completed contract, USDA checklist and Idaho checklist submitted to the State Agency no later than 30 days before the first day of serving. If this information has not been received by this deadline, the school district is subject to loss of federal reimbursement.

<u>SFA Existing Responsibilities that Cannot be Delegated to the FSMC</u>	<u>SFA Additional Responsibilities when Contracting with a FSMC</u>
<ol style="list-style-type: none"> 1. Signature authority on the application/agreement to participate in the NSLP/SBP/SMP/Commodity Food Program, including the SFA's free and reduced price policy statement. 2. Signature authority on the monthly Claim for Reimbursement. 3. Distribution, processing, and collection of the parent/guardian letter, benefit issuance list and confidential application for free and reduced price meals and free milk. 4. Eligibility determination and notification to household of benefits for free and reduced price meals and free milk and the conduct of any hearings related to such determinations. 5. Verification of confidential applications for free and reduced price meals by November 15 each year. 6. Control of the school food service account and overall financial responsibility for the School Nutrition Program. 7. Establishment of all program and non-program prices for meals and a la carte items. 8. Title to all USDA commodity/donated foods. 	<ol style="list-style-type: none"> 1. Prior to contracting with a FSMC, contact the Idaho Department of Education Child Nutrition Programs (CNP) to obtain information on which FSMCs operate within Idaho, the names of SFAs currently using FSMCs, and for Idaho requirements and assistance. 2. Prior to contracting with a FSMC, contact other SFAs using FSMCs for information. 3. Prior to contracting with an FSMC, conduct an analysis of the current food service operation to determine: <ul style="list-style-type: none"> • Current cost of the SFA food service operation • All cost elements which will be affected by contracting with a FSMC including personnel, food costs, etc. • Maximum cost that can be incurred by the FSMC in order for SFA to meet its Nutrition Program Goals • All nonfiscal aspects of the current food service operation • Which functions might be contracted and the advantages/disadvantages of contracting each of these functions • What method of providing food service best meets the SFA's Nutrition Program goals 4. Identify SFA personnel responsible for managing the FSMC contract and meeting the SFA's responsibilities.

<u>SFA Existing Responsibilities (Con't.)</u>	<u>SFA Additional Responsibilities (Con't.)</u>
<p>9. Conducting monthly Claim for Reimbursement edits required under program regulations.</p> <p>10. Monitoring responsibilities under program regulations:</p> <ul style="list-style-type: none"> • Adequate and accurate records, by school, to support the Claim for Reimbursement (meal/milk counts and any other data on the claim) • Meal count records for meals not covered by the Claim for Reimbursement (adult meals, etc.) • On-site reviews of all NSLP schools under the SFA (when the SFA has more than one NSLP school) for: 1) compliance with Civil Rights requirements; 2) adherence to the SFA's approved free and reduced price meal policy statement; 3) compliance with offer versus serve requirements; 4) compliance with the competitive foods and foods of minimal nutritional value requirements; 5) adherence to the approved complaints referral procedure; and 6) adherence to approved meal counting/claiming procedures (on-site reviews which must be completed by February 1 each year) • Maintenance of applicable health certifications including assurance that all state and local regulations are being met by the FSMC preparing or serving meals at the SFA facility. The SFA is responsible for making sure that any non-compliance violations are corrected. 	<p>5. Development of bid/proposals including a <u>contract</u> to be used as part of the invitation to bid if the SFA chooses the competitive sealed bid method of procurement.</p> <ul style="list-style-type: none"> • <u>Invitation For Bid (IFB):</u> SFA legal counsel should review the proposal contract. FSMC-developed contracts are <u>not</u> appropriate under competitive sealed bid procurement. • <u>Request For Proposals (RFP):</u> The SFA should develop and include all non-negotiable parts of the contract prior to issuing a request for proposals. A FSMC-developed contract is not recommended but may be used if the SFA legal counsel has the right of review and approval and the SFA has the right to modify the FSMC-developed contract during negotiations. <p>6. Development of a 21-day cycle menu for the FSMC IFB/RFP as well as additional acceptable changes to the 21-day cycle menu <u>after</u> the first 21 days of meal service. Under a sealed bid (IFB) method of procurement, the SFA must develop a menu to use as a standard for the purpose of basing bids or estimating average cost per meal. In the absence of a uniform menu, the SFA will not have consistent information from bidders upon which to determine responsiveness to bid requirements and the lowest bid price. This could expose the SFA to bid protests or legal action.</p> <p>7. Establishment and maintenance of an advisory board composed of parents, teachers and students to assist in menu planning.</p>

NOTE: It is a conflict of interest to have one employee represent both the SFA and FSMC. One employee that is defined as a SFA employee cannot also be defined as a FSMC and be held responsible for duties listed on this information packet. Please call our office at 208-332-6820 if you have questions.

SFA Additional Responsibilities (Con't.)

8. Determination of a lunch **Meal Equivalent** for the purpose of calculating the FSMC management fee when the method of payment to the FSMC is a management fee on a per meal basis. The **Meal Equivalent** rate used by the CNP in cost containment analyses of school food service programs is:
 - Two breakfast meals equal one lunch **Meal Equivalent**
 - \$2.00 in non-reimbursable meal sales (a la carte sales and adult meal sales) equals one lunch **Meal Equivalent**
9. Assurance that the maximum amount of USDA commodity/donated foods are received and utilized by the FSMC and accrue only to the benefit of the SFA's nonprofit school food service account by periodic review of commodity offerings and FSMC records.
10. FSMC monitoring under program regulations including regular review of:
 - Adherence to the 21-day cycle menu and any and all deviations allowed under the contract
 - Adequate and accurate records, by school, to support the monthly Claim for Reimbursement
 - Cost records (including source documentation) supporting charges for contractually approved costs
 - Revenue records broken down by source, type and category of meal or food service (a la carte sales, reduced price and paid NSLP/SBP meals)
 - Outside food service activities
 - FSMC meal preparation facilities, on-or off-site

This document was prepared based on excerpts from:

1. Code of Federal Regulations 7 CFR 210, 245, 250 and 3015.
2. Contracting with Food Service Management Companies, Guidance for School Food Authorities, USDA Food and Nutrition Service, 1993.
3. School Foodservice Management, Dorothy VanEgmond Pannell, Van Nostrand Reinhold, 1990.
4. Cost Control Manual for School Foodservices, Dorothy V. Pannell, inTeam Associates, Inc., 1993.